



U.S. Department
of Transportation
**Federal Aviation
Administration**

Office of Airport Planning
and Programming

800 Independence Ave., SW.
Washington, DC 20591

Mr. Morton V. Plumb, Jr.
Airport Director
Ted Stevens Anchorage International Airport
P.O. Box 196960
Anchorage, AK 99519

Dear Mr. Plumb: *Mort*

Thank you for your February 2003 submittal of the State of Alaska's Competition Plan for Ted Stevens Anchorage International Airport (ANC) and for providing members of your team to participate in a telephone conference call with the Federal Aviation Administration (FAA) and Department of Transportation Office of the Secretary staff to discuss various topics of interest to the FAA contained in your competition plan. We have reviewed your competition plan for ANC and determined that the Plan is in accordance with the requirements of section 155 of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century, Pub. L. 106-181, April 5, 2000 (AIR-21). In accepting your Plan, we note that the Airport has implemented a variety of competitive actions with the development and execution of the new Airport Operating Agreement (AOA). However, we have identified some areas where additional progress could be made toward implementing practices that foster opportunities for competition at the Airport. We request that you address these concerns in your next update.

Section 155 of AIR-21 enacted 49 U.S.C. 40117(k) and 47106(f), which require the filing of a competition plan for a covered airport seeking FAA approval of a Passenger Facility Charge (PFC) or of an Airport Improvement Program grant application, beginning fiscal year 2001. The Secretary must review the competition plans to ensure that they meet the statutory requirements and review their implementation from time to time to make sure that they are successfully implemented. The legislative history of the requirement states that "[t]he underlying purpose of the competition plan is for the airport to demonstrate how it will provide for new entrant access and expansion by incumbent carriers. By forcing the airport to consider this, it would be more likely to direct its AIP and PFC money to that end." H. Rpt. 106-513. The FAA's Program Guidance Letter (PGL) 03-01.1, November 19, 2002, addressed

nine features of an airport's business practices required by section 155 of AIR-21.

As you know, section 155 was enacted after the Department of Transportation published its Report on Airport Business Practices and Their Impact on Airline Competition (Airport Practices report). That report identified a number of airport business practices that could serve as impediments to new entry or expansion of incumbent carriers at an airport and a number of best practices that airport management have followed to achieve compliance with airport sponsors' obligation to provide access to all aeronautical users on reasonable terms without unjust discrimination.

We note that your plan describes a number of initiatives that the State has taken to enhance airline competition and access to the airport, including:

- Negotiation of a preferential use lease with a five year length;
- Creation of an airport competition access team;
- Provision of a New Entrant Handbook, including important information and an air carrier complaint form;
- Negotiation of a new majority in interest (MI) process that exempts from signatory control the development of new facilities to be leased to new entrants;
- Inclusion of inducements in the new lease for new or expanded service;
- Inclusion of gate recapture provisions in the new leases; and
- Planned use of the web site for gate availability notifications and gate usage charts.

The State is to be commended for undertaking these initiatives, which were identified as best practices to foster opportunities for airport access and competition. However, the FAA would like to offer some suggestions for your consideration as you implement and update your plan. For your convenience, we have categorized the remaining issues according to the applicable features specified in PGL 03-1.1

Availability of gate and related facilities

The State has indicated gate use monitoring will be accomplished utilizing the new multi-user flight information display system (MUFIDS). The FAA would like to suggest the gate availability reports be based on actual gate use and not scheduled gate use data.

During the telephone conference call the State made a commitment to revisit the four hour window of Section 5.03. A turn-around report to analyze turn around times could also be developed utilizing the MUFIDS data.

Also, the State, during the telephone conference call, indicated leasing protocols would be developed prior to initiation of negotiations with air carriers on renewal of their Airport Operating Agreements. Please provide an update on the development of the protocols with your next competition plan update.

Please notify the FAA when the gate use reports, MUFIDS data, have been developed and posted on the Airport web site.

Gate Use Requirements

Section 5.G, of your plan states the Competitive Access Team (CATEam) will consider whether additional information should be posted on the web page and whether to recommend a regulatory change to establish a special priority for new entrant service. Please provide an update on any considerations by the CATEam in this area with your next update.

Airport Controls Over Airside and Groundside Capacity

As noted, the State is to be commended for developing an MII process that is one of the least restrictive of any we have analyzed in the competition plan review process. However, in your Plan update, please provide information on how the MII process has operated. Specifically the last two paragraphs of Section 7, A-C of the competition plan outline AOA Section 6.02 which describes projects that can be carried out without Signatory vote including projects in the airport's current CIP. Does the airport anticipate making the CIP part of every AOA? Have there been any project disapprovals? Has the Airport accomplished any projects that were not in the CIP? Has any consideration been given to removing the MII clauses from the AOA?

Finally, we are pleased to read that the State will be posting its Competition Plan and correspondence on the ANC web page. Please notify this office when modifications have been made and the documents have been posted on your web page.

We look forward to reviewing your responses to our information requests and the next update to your Competition Plan. Under our current policy, your next update shall be due 18 months after the date of approval of your FY 2003 Plan, i.e., the date of this letter. In preparing your next update, please review the FAA's program guidance letter (PGL) 03-1 (November 19, 2002), which provides updated guidance on preparing Competition Plan submittals and plan

updates. A copy of this PGL was previously provided to the State and is available on the FAA's web-site at www.faa.gov/arp/financial/aip/guidance.cfm?ARNav=aip.

As noted, the Secretary is required to review the implementation of the competition plans from time-to-time to make sure each covered airport successfully implements its plan. In connection with our review, we may determine that contacts with, or site visits to one or more locations would be useful. We will notify you should we decide to visit ANC in connection with its Competition Plan.

If you have any questions regarding this letter or the FAA's review of your plan, please contact Mr. Barry Molar, Manager, Airports Financial Assistance Division at (202) 267-3831.

Sincerely,



Catherine M. Lang
Director, Office of Airport
Planning and Programming